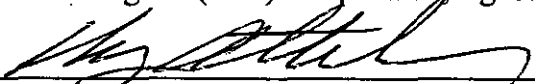


MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE DEPARTMENT OF DEFENSE  
OF THE UNITED STATES OF AMERICA  
AND  
THE DEPARTMENT OF NATIONAL DEFENCE  
OF CANADA  
FOR  
TEST AND EVALUATION PROGRAM (TEP) COOPERATION  
(SHORT TITLE: CANUSTEP)  
DATE: September 10, 2002

This is a true and complete copy of the original version of this Memorandum of Understanding between the Department of Defense of the United States of America and the Department of National Defence of Canada for Test and Evaluation Program (TEP) Cooperation, signed September 10, 2002.

  
\_\_\_\_\_  
Wynn Atterbury, International Program Manager  
Office of the Director, Operational Test and Evaluation

(Signature/Date of Signature)

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## INTRODUCTION

The Department of Defense of the United States of America (U.S. DoD) and the Department of National Defence of Canada (CA DND), hereinafter referred to as the "Participants":

Invoking the Agreement between the Government of the United States of America and the Government of Canada of 19 August 1994 Concerning Certain Mutual Defense Commitments (Chapeau Agreement);

Recognizing the Memorandum of Understanding between the Department of Defense of the United States of America and the Department of National Defence of Canada concerning the Procurement of Defense Supplies of 9 June 1996;

Recognizing the "Exchange of Notes constituting an Agreement between Canada and the United States of America concerning the test and evaluation of U.S. weapon systems in Canada" of 10 February 1983 and the "Memorandum of Understanding relating to the CANUS Test and Evaluation Program" pursuant to the Exchange of Notes between Canada and the U.S. concerning the Test and Evaluation of Weapon Systems of 10 February 1993;

Having a common interest in defense;

Recognizing the benefits to be obtained from standardization, rationalization, and interoperability of military equipments;

Desiring to improve their mutual conventional defense capabilities through the application of emerging technology;

Having a mutual need to engage in a broad range of cooperative or reciprocal Test and Evaluation (T&E) Activities to satisfy common operational requirements;

Having independently conducted testing of the applications of various technologies, and having recognized the benefits of cooperation in the T&E arena;

Have reached the following understandings:

## SECTION I

### DEFINITIONS

The Participants have jointly decided upon the following definitions for terms used in this MOU:

CANUSTEP	Canada-U.S. Test & Evaluation Program
CANUSTEP Activity	Any activity in support of information exchange, Working Groups, Project Arrangements and Project Equipment transfers, as specified in Section III, Scope of Work of this MOU.
CANUSTEP Project Arrangement (PA)	An implementing arrangement under this MOU which can be either a Reciprocal Use of Test Facilities (RUTF) PA or a Cooperative Test & Evaluation (CTE) PA.
Classified Information	Official information that requires protection in the interests of <i>national security and is so designated by the application of a security classification marking</i> . This information may be in oral, visual, magnetic or documentary form or in the form of equipment or technology.
Computer Data Base	A collection of data recorded in a form capable of being processed by a computer. This definition does not include Computer Software.
Computer Program	A set of instructions, rules, or routines recorded in a form that is capable of causing a computer to perform a specific operation or series of operations.
Computer Software	Computer Programs, source code, source code listings, design details, algorithms, processes, flow charts, formulae, and related materials that would enable the software to be reproduced, recreated, or recompiled. Computer Software does not include Computer Data Bases or Computer Software Documentation.
Computer Software Documentation	Owner's manuals, user's manuals, installation instructions, operating instructions, and other similar items, regardless of storage medium, that explain the capabilities of the Computer Software or provide instructions for using the Computer Software.
Contract	Any mutually binding legal relationship under national laws which obligates a Contractor to furnish supplies or services, and obligates one or both of the Participants to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the Participants. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award

	of Contracts, and all phases of Contract administration.
Contracting Agency	The entity within the government organization of a Participant, which has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Participant who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by a Participant's Contracting Agency.
Controlled Unclassified Information	Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. Whether the information is provided or generated under this MOU, the information will be marked to identify its "in confidence" nature. It could include information which has been declassified, but remains controlled.
Cooperative Project Personnel (CPP)	Military members or civilian employees of a Participant assigned under a specific Project Arrangement (PA) who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions in furtherance of the Project.
Cooperative Test & Evaluation (CTE) Project Arrangement (PA)	An implementing arrangement, under this MOU which specifies the provisions for cooperation on a specific CANUSTEP Activity.
Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of either Participant.
Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this MOU.
Direct Cost	Any item of cost that is easily and readily identified to a specific unit of work or output within the Test Facility where the use occurred, that would not have been incurred if such use had not occurred; may include costs of labor, materials, facilities, utilities, equipment, supplies, and any other resources of the Test Facility that are consumed or damaged in connection with the use or the maintenance of the Test Facility for the purposes of the use.
Financial Costs	Any project costs that, due to their nature, will be paid using monetary contributions from the Participants.
Host Participant	The Participant in whose territory the T&E activity occurs.
Indirect Cost	Any item of cost that is not easily and readily identified to a specific unit of work or output within the Test Facility where the use occurred; may include general and administrative expenses for such

activities as supporting base operations, manufacturing, supervision, procurement of office supplies, and utilities that are accumulated costs allocated among several users.

Jointly Generated Foreground Information	Information jointly generated by the Participants in the performance of a CANUSTEP Activity.
Non-financial Costs	Any project costs that, due to their nature, will be met using non-monetary contributions from the Participants.
Parent Participant	The U.S. DoD and the CA DND departments or agencies to which Cooperative Project Personnel belong.
Patent	Legal protection of the right to exclude others from making, using, or selling an invention. The term refers to any and all Patents including, but not limited to, Patents of implementation, improvement or addition, petty Patents, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Project Background Information	Information not generated in the performance of a CANUSTEP Activity.
Project Equipment	Any test articles, material, equipment, end item, subsystem, component, special tooling or test equipment jointly acquired or provided for use in a CANUSTEP Project.
Project Foreground Information	Information generated in the performance of a CANUSTEP Activity.
Project Information	Any information provided to, generated in, or used in a CANUSTEP Activity under this MOU regardless of form or type.
Project Invention	Any invention or discovery formulated or made (conceived or "first actually reduced to practice") in the course of work performed under a PA. The term "first actually reduced to practice" means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.
Reciprocal Use of Test Facilities (RUTF) PA	An implementing arrangement under this MOU that specifies the cost, schedule and performance aspects of a test effort conducted by the performing Participant's test facility for the customer Participant.
Test and Evaluation (T&E)	The overall process of data taking, data reduction and the analysis of that data for a specific purpose or application.

Test Facility	Range or other facility at which testing of defense equipment may be accomplished.
Third Party	A government other than the government of a Participant and any person or other entity whose government is not the government of a Participant.
Working Group	Any group authorized to conduct CANUSTEP-related T&E activities by the Management Agents (MAs) in accordance with Section III (Scope of Work) and Section IV (Management).



## SECTION II

### OBJECTIVES

2.1. This MOU establishes a comprehensive framework for implementing a program of cooperation on mutually determined topics related to defense Test & Evaluation (T&E). Specific objectives of this MOU are:

- 2.1.1. to maximize the cost effective utilization of each Participant's Test Facilities;
- 2.1.2. to share test resources through reciprocal use of Test Facilities and other test capabilities and testing tools;
- 2.1.3. to conduct joint T&E-related tests and experiments to advance test technologies and procedures;
- 2.1.4. to conduct cooperative development of test capabilities, test procedures and methods, and test standards and criteria;
- 2.1.5. to exchange testing-related information such as test capability specifications, test criteria, standards, procedures, lessons learned and certain test data; and
- 2.1.6. to provide for the transfer of test technologies and procedures.

2.2. Each Participant intends to use its best efforts to accommodate testing requirements of the other Participant. However, each Participant has the right to refuse to conduct a proposed CANUSTEP Activity in its country if, for example, it determines that the proposed Activity:

- 2.2.1. does not fall within its national security interests;
- 2.2.2. is not permitted by international treaties or protocols to which either Participant's government is a party;
- 2.2.3. cannot be accommodated within the test program resources of the performing Participant;
- 2.2.4. cannot be conducted within constraints set by any national, state or local environmental laws or ordinances; or
- 2.2.5. would pose an unacceptable risk to life or property.

SECTION III  
SCOPE OF WORK

- 3.1. The scope of work for this MOU will include the following CANUSTEP Activities:
- 3.1.1. accommodation of testing requirements on a customer-reimbursable basis under the provisions of a Reciprocal Use of Test Facilities Project Arrangement (RUTF PA). This may include access to, or transfer of, test instrumentation and other testing tools. This may also include the conduct of joint tests where both Participants have an interest;
  - 3.1.2. conduct of collaborative T&E on systems of shared interest;
  - 3.1.3. conduct of joint tests and experiments to advance the state of the art of test technology;
  - 3.1.4. cooperative development of new or existing test instrumentation, equipment, facilities, and other testing tools;
  - 3.1.5. cooperative development of testing criteria, standards and procedures;
  - 3.1.6. exchange of information on T&E policy, testing criteria, standards and procedures and other test-related or test-derived information including, but not limited to, doctrine, tactics and operational requirements related to CANUSTEP;
  - 3.1.7. transfer of test technologies and procedures;
  - 3.1.8. familiarization with each other's facilities and identification of potential cooperative T&E opportunities.
- 3.2. The following mechanisms will be utilized to undertake the CANUSTEP Activities described in 3.1:
- 3.2.1. Information Exchange:
    - 3.2.1.1. Information exchange will take place on an equitable basis in all areas concerning CANUSTEP. This MOU permits the exchange of Computer Data Bases, Computer Software and Computer Software Documentation as information. This MOU permits the exchange of information for any purpose under the scope of this MOU, including harmonizing the Participants' respective CANUSTEP requirements and for formulating, developing, and negotiating any CANUSTEP Activity. Information exchange need not necessarily coincide in time, technical field, or in the form of information.
    - 3.2.1.2. Computer Data Bases, Computer Software or Computer Software Documentation associated with CANUSTEP Activities may be transferred under this MOU in accordance with national procedures, subject to the following limitations:

3.2.1.2.1. such transfers must be necessary or useful to the conduct of the Activity as determined by the providing Participant; and

3.2.1.2.2. such transfers may occur only where national authority for such release has been obtained by the providing Participant. Such release may be subject to restrictions on use imposed by the providing Participant.

3.2.2. Working Groups (WGs):

3.2.2.1. WGs may be established to explore, study and report on specific T&E issues. A WG will be limited in scope to a single, well-defined area and will endeavor to assess the T&E issue based on information provided by both Participants in such a way as to arrive at a jointly determined position within a set time limit. All WGs will have their own written terms of reference (TORs).

3.2.3. CANUSTEP Project Arrangements (PAs):

3.2.3.1. Reciprocal Use of Test Facilities (RUTF) PA: This type of PA will include specific provisions, consistent with this MOU and the model at Annex A, that specify the performing and customer Participants' responsibilities concerning the objectives, scope of work, estimated test schedule, management structure, financial provisions, Project Equipment transfers (PETs) (if required), special disclosure and use of information provisions (optional) and security classification for the PA.

3.2.3.2. Cooperative T&E (CTE) PA: This type of PA will include specific provisions, consistent with this MOU and the model at Annex B, concerning the objectives, scope of work, sharing of work, management structure, financial provisions (if required), contractual provisions (if required), PETs (if required), special disclosure and use of information provisions (optional) and security classification for the applicable PA.

3.2.3.3. The Participants recognize that there may be instances where a project contains elements including cooperative effort as well as the reciprocal use of Test Facilities. Such projects will be treated as cooperative projects. Equitability will be required in all such projects.

3.2.4. Project Equipment Transfer (PET):

3.2.4.1. As required and consistent with the model at Annex C, PETs may be concluded for CANUSTEP Activities.

3.2.5. Familiarization Visits:

3.2.5.1. Familiarization visits may occur, in accordance with Section X (Visits to Establishments) to promote awareness of each other's facilities and to identify potential cooperative T&E opportunities.

3.3. Acquisition or production programs which may evolve from cooperation under one or more PAs under this MOU are outside the scope of this MOU and require conclusion of separate arrangements.

## SECTION IV

### MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. The Director, Operational Test & Evaluation (DOT&E), Office of the Secretary of Defense (or his/her successor in the event of reorganization) is designated U.S. MOU Director (U.S. MD). The Assistant Deputy Minister (Materiel) (or his/her successor in the event of reorganization) is designated the CA MOU Director (CA MD). The MDs will be responsible for:

- 4.1.1. monitoring implementation of this MOU and exercising executive-level oversight;
- 4.1.2. monitoring the overall use and effectiveness of the MOU;
- 4.1.3. recommending amendments to this MOU to the Participants;
- 4.1.4. resolving issues brought forth by the Management Agents;
- 4.1.5. concluding PAs pursuant to paragraph 3.2.3 and the Participants' respective national procedures.

4.2. The Deputy Director, Resources and Ranges (DOT&E) (or his/her successor in the event of reorganization or his/her designee) is designated U.S. Management Agent (U.S. MA) for the MOU. The Director General, International and Industry Programs (DGIIP) (or his/her successor in the event of reorganization or his/her designee) is designated CA Management Agent (CA MA). The MAs will be responsible for:

- 4.2.1. monitoring and evaluating the work conducted under each CANUSTEP Activity and providing guidance and direction as necessary;
- 4.2.2. designating points of contact (POCs) and exercising overall supervision for information exchanges pursuant to paragraph 3.2.1;
- 4.2.3. approving the formation of WGs and their TORs pursuant to paragraph 3.2.2;
- 4.2.4. granting approval-in-principle (AIP) for RUTF PAs;
- 4.2.5. developing PAs pursuant to paragraph 3.2.3 and exercising overall supervision over Steering Committee (SC) members, if an SC is established, or Project Officers (POs) (if no SC is established);
- 4.2.6. obtaining DSA approval for Project Security Instructions and Classification Guides for CTE PAs that contain provisions for the generation or exchange of Classified Information;
- 4.2.7. developing and entering into PETs pursuant to paragraph 3.2.4;
- 4.2.8. approving familiarization visits pursuant to paragraph 3.2.5;

- 4.2.9. monitoring Third Party Sales and Transfers authorized in accordance with Section XII (Third Party Sales and Transfers)
- 4.2.10. forwarding, when necessary, issues to the MDs for resolution.
- 4.3. Each WG established by the MAs under this MOU will be responsible for:
  - 4.3.1. submitting a proposed TOR to the MAs for approval;
  - 4.3.2. conducting their assigned tasks and providing periodic progress reports to the MAs, including requesting further guidance as necessary;
  - 4.3.3. submitting final reports to the MAs for submission to the CANUSTEP MDs.
- 4.4. If an SC is established under a particular PA, it will be responsible for:
  - 4.4.1. providing policy and management direction to the POs during PA execution;
  - 4.4.2. monitoring overall implementation, including technical, cost, and schedule performance against requirements;
  - 4.4.3. approving plans for transfers of Project Equipment or disposal of jointly acquired Project Equipment, in accordance with Section VII;
  - 4.4.4. resolving issues brought forth by the POs;
  - 4.4.5. maintaining oversight of the security aspects of a project, including preparing a Project Security Instruction and a Classification Guide in the event that a CTE PA contains provisions for the generation or exchange of Classified Information;
  - 4.4.6. approving assignment of personnel working on a project at the other Participant's facilities in accordance with the provisions set out in Appendix 1 to Annex B;
  - 4.4.7. establishing the detailed financial procedures of a CTE PA through a Financial Management Procedures Document (FMPD) in the event that one Participant contracts on behalf of the other Participant or on behalf of both Participants;
  - 4.4.8. reporting status and activity of assigned PAs on an annual basis to the MAs and MDs.
- 4.5. In accordance with the provisions of any CANUSTEP PA, the POs will have primary responsibility for effective implementation, efficient management and direction of their assigned PA including technical, cost, and schedule performance against requirements. Additionally, the POs will have the responsibilities under paragraph 4.4 if no SC is established for their CTE PA, except that the MA will be responsible for resolving issues brought forth by the POs. The POs will also maintain a list of all Project Equipment transferred by either of the Participants under a CANUSTEP PA.

4.6. In accordance with the provisions of an approved CTE PA with the provisions set out in Appendix 1 to Annex B of this MOU attached to the approved CTE PA, a Participant may assign Cooperative Project Personnel (CPP) to the joint project office (JPO) or the other Participant's facilities to assist in the implementation of an approved PA.

4.7. Special Procedures for RUTF PAs. The following special procedures will apply to RUTF PAs:

4.7.1. The customer Participant's MA will submit a project proposal to the performing Participant's MA. The project proposal will briefly describe the test effort requested.

4.7.2. The performing Participant's Test Facility will review the project proposal to determine if it is able and willing to provide the requested test effort.

4.7.3. If the performing Participant's MA determines that performing the requested test effort is feasible, he or she will notify the customer Participant's MA of AIP. AIP does not constitute a commitment to perform the test effort but provides authority for the Participants to proceed with development and approval of the RUTF PA. If AIP will not be granted, the performing Participant's MA will notify the customer Participant's MA as soon as possible.

4.7.4. Each Participant's MA will submit a 12-month forecast of proposed tests to the other Participant's MA for AIP in accordance with a mutually agreed schedule. Out-of-cycle project proposals may also be submitted for AIP.

4.8. The MAs, SCs and/or POs will meet as required, alternately in the United States and Canada. The Chairperson for each meeting will be the senior official of the Host Participant. During such meetings, all decisions will be made unanimously with each Participant having one vote. In the event that the Participants are unable to reach a timely decision on an issue, each Participant will refer the issue to its higher authority for resolution. In the meantime, approved PAs will continue to be implemented without interruption under the direction of the SC and/or POs while the issue is being resolved by higher authority.

## SECTION V

### FINANCIAL PROVISIONS

5.1. This MOU creates no financial commitments regarding individual RUTF or CTE PAs. Detailed descriptions of the financial provisions for a specific project, including the total cost of the project and each Participant's cost share, will be contained in the specific RUTF or CTE PA.

5.2. For RUTF PAs, charges between Participants will be agreed on a case-by-case basis and specified in the PA. These charges will consist of Direct Costs and applicable Indirect Costs. Direct Costs (except for the cost of military personnel chargeable to the customer Participant) will not be greater than what one component of the performing Participant would charge to another component of the performing Participant for the type and scope of the services provided. *Indirect Costs charged to the customer Participant will be only those required by the performing Participant's laws and regulations.*

5.3. For CTE PAs, each Participant will contribute its equitable share of the full Financial and Non-Financial Costs, including overhead costs, administrative costs and cost of claims, and will receive an equitable share of the results of each CTE PA.

5.4. The financial and non-financial provisions for a CTE PA, including the total cost of the CTE PA and each Participant's share of the total cost, will be included in the CTE PA.

5.5. For each CTE PA, the POs will be responsible for establishing the detailed financial management procedures under which the project will operate. Where necessary, these procedures will be detailed in an FMPD proposed by the POs and subject to the approval of the MAs, or SC, if one is established.

5.6. Each Participant will perform, or have performed, its tasks and will use its best efforts to perform the tasks within the cost estimates specified in each CANUSTEP PA. Each Participant will bear the full costs it incurs for performing, managing, and administering its own activities under this MOU and participation in each PA, including its share of the costs of any Contracts under paragraph 5.12.

5.7. The following costs will be borne entirely by the Participant incurring the costs or on whose behalf the costs are incurred:

5.7.1. costs associated with any unique national requirements identified by a Participant;

5.7.2. any other costs not expressly stated as shared costs or any other costs outside the scope of this MOU and its PAs.

5.8. For CTE PAs with shared costs that involve the establishment of a JPO with CPP assignments to the other Participant's facilities or the JPO, the CTE PA will address the financial and non-financial contributions required for JPO administration and associated support services including, but not limited to, JPO costs of travel incurred in support of project efforts, JPO training costs, Contract award, Contract administration, office space, security services, information technology services, communications services, and supplies.



5.9. In addition to the shared costs of JPO administration and associated support services costs described in paragraph 5.8, the cost of CPP in the JPO or assigned to the other Participant's facilities will be borne as follows:

5.9.1. The Host Participant will bear the costs of all pay and allowances of Host Participant personnel in the JPO;

5.9.2. The Parent Participant will bear the following CPP-related costs:

5.9.2.1. all pay and allowances.

5.9.2.2. transportation of the CPP, the CPP's dependents, and their personal property to the place of assignment in the Host Participant's nation prior to the CPP's commencement of a tour of duty in the JPO or field activity, and return transportation of the foregoing from the place of assignment in the Host Participant's nation upon completion or termination of the tour of duty.

5.9.2.3. compensation for loss of, or damage to, the personal property of CPP or the CPP's dependents, subject to the Parent Participant's laws and regulations.

5.9.2.4. preparation and shipment of remains and funeral expenses in the event of the death of the CPP or the CPP's dependents.

5.10. For CTE PAs without shared costs that involve the assignment of one Participant's CPP to the facilities of the other Participant, the Participants will bear the costs as set forth in 5.7. The Host Participant will also bear the assignment-related administrative and support costs such as CPP costs of travel incurred in support of a CTE PA, CPP-related training, office space, security services, information technology services, communications services, and supplies.

5.11. For PETs in which operator personnel from the providing Participant are required, the responsibility for bearing all costs associated with such personnel, including but not limited to salaries and overhead, transportation and subsistence, will be specified in the CANUSTEP PA.

5.12. A Participant will promptly notify the other Participant if available funds will not be adequate to fulfill its responsibilities as agreed under any CANUSTEP PA, or if it appears that the cost estimates in a PA will be exceeded. The Participants will immediately consult with a view toward continuation on a modified basis.

5.13. For CTE PAs, if one Participant contracts on behalf of the other Participant or on behalf of both Participants, each Participant will make funds available in the amounts and at the times set forth in the estimated schedule for monetary contributions, as specified in the FMPD.

5.14. For CTE PAs, the Participants recognize that, in performing Contracting responsibilities on behalf of the other Participant, it may become necessary for the Contracting Participant to incur contractual or other obligations for the benefit of the other Participant prior to the receipt of the other Participant's funds. In such event, the other Participant will make such funds available in such amounts and at such times as required by the Contract or other obligation and will pay

any damages and costs that may accrue from the performance or cancellation of the Contract or other obligation in advance of the time such payments, damages, or costs are due.

5.15. Each Participant will be responsible for the audit of its activities or its Contractors' activities pursuant to a CANUSTEP PA. A Participant's audits will be in accordance with its own national practices. For CTE PA efforts where funds are transferred between the Participants, the receiving Participant will be responsible for the internal audit regarding administration of the other Participant's funds in accordance with the receiving Participant's national practices. Audit reports of such funds will be promptly made available by the receiving Participant to the other Participant.